

December 1, 2014

Emily Harrison
Finance Director
Santa Clara County
70 West Hedding Street, East Wing, 2nd Floor
San Jose, CA 95110

Subject: Notification of Insufficiency of Funds

Dear Ms. Harrison:

Pursuant to Redevelopment Law ABX126, Section 34183 (b), , the Successor Agency to the Redevelopment Agency of the City of San Jose ("Successor Agency") hereby submits its letter to notify the County of Santa Clara Auditor-Controller that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund (RPTTF) allocation funds are insufficient to meet the payment obligations as identified on the ROPS 14-15B, for the period covering January 1 through June 30, 2015.

On November 15, 2014, the City received notification that the State Department of Finance ("DOF") reduced the authorized amount of RPTTF distribution by \$10 million related to the as yet unauthorized partial reinstatement of the SERAF Loan from the City to the former Agency. Since the Successor Agency is still in an insufficiency of funds situation, all of the RPTTF should be distributed in January 2015 to meet all of its enforceable obligations due in the 14-15B ROPS period.

The Successor Agency is disputing the DOF deduction of \$10 million from the scheduled RPTTF distribution, so two separate Insufficiency of Funds worksheets are provided to demonstrate the impact.

The first Insufficiency of Funds worksheet (Attachment A) includes the County RPPTF distribution projection, the forecasted beginning cash balance as of January 1, 2015, and all other sources of revenue that is scheduled to become available in the ROPS 14-15B reporting period. The projected deficit, as forecasted on the worksheet totals \$4,924,000 including administrative costs and \$109,609,000 when including the County Settlement and Pass-Through payments.

The second Insufficiency of Funds worksheet (Attachment B) includes the DOF RPPTF authorized distribution projection, the forecasted beginning cash balance as of January 1, 2015,

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and all other sources of revenue that is scheduled to become available in the ROPS 14-15B reporting period. The projected deficit, as forecasted on the worksheet totals \$8,786,000 including administrative costs and \$113,471,000 when including the County Settlement and Pass-Through payments.

Also attached is the projected receivables and other income revenue summary for ROPS 14-15B (Attachment C).

If you have any questions please let me know at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Julia H. Cooper".

Julia H. Cooper
Chief Financial Officer

Attachment

cc: Irene Lui

Successor Agency to the Redevelopment Agency of the City of San Jose
 ROPS 14-15B - Insufficiency of Funds Worksheet with County RPTTF Projection
 For the Period January 1 through June 30, 2015
 (\$ in 000's)

ATTACHMENT A

	Balance	Totals
Beginning Cash Balance as of January 1, 2015 (Forecast)		
Unrestricted Cash & Investments	\$ -	
Restricted Bond Proceeds	340	
Restricted CET Escrow Funds	22	
Restricted HUD Proceeds	134	
Cash Reserve with Fiscal Agent - for Future Debt Service Payments - 80% Funds Senior Obligations	-	
Cash Reserve with Fiscal Agent - for Future Debt Service Payments - 20% Set-aside Funds Obligations	-	
Land/Asset Sales	3,484	
Total Cash on Hand as of January 1, 2015 (Forecast)	\$ -	3,980
Cash Inflows:		
RPTTF Beginning Fund Balance (Per County Controller-Treasurer)	105,055	
Less: PERS Levy	N/A	
Less: Santa Clara Valley Water District Levies	N/A	
Less: Roll Corrections	N/A	
Less: Assessment Appeals	N/A	
Total RPTTF Available Balance	105,055	
Plus: Release of PERS Levy held by County	N/A	
Less: AB x1 26 County Auditor Admin Cost	192	
Less: SB2557 Property Tax Administrative Fees	1,318	
Less: AB1290	5,216	
Total Net Property Tax Distribution to Successor Agency from RPTTF for January 1, 2015	-	98,330
Other Income/Sources (Forecast)		
Interest Income	36	
Rent, Parking Revenues, DDA Participation Payments	457	
Accounts Receivables	67	
CDBG Fund Advance - Per Reimbursement Agreement	58	
Parking Fund Advance - Per Reimbursement Agreement	-	
General Fund Advance - Per Reimbursement Agreement - to fund Admin Cost	-	
HUD 108 Escrow Funds	180	
Restricted Cash - Bond Proceeds	-	
Grant Funds	-	
Property Disposition Sales	-	
Total Cash Inflows (Forecast)	-	798
Total Available Cash from Beginning Balance, DOF RPTTF Approval, and Other Income (Forecast)	\$ -	103,108
Cash Outflows (ROPS 14-15B RPTTF Eligible Obligations):		
Debt Service Payments - Housing Set-Aside Senior Allocation Bonds - Wells Fargo Bank	\$ 5,692	
Debt Service Payments - Senior Tax Allocation Bonds - Union Bank	36,527	
Debt Service Reserve for 15-16A 80% Senior TABS and other bonded debt service	36,829	
Debt Service Payments - Housing Set-Aside Subordinate Bonds 2010C - Wells Fargo Bank	1,366	
Debt Service Payments - Variable Rate Bonds - US Bank	175	
Fiscal Agent Fees -Senior Tax Allocation Bonds - Union Bank	36	
Fiscal Agent Fees - Variable Rate Bonds - US Bank	-	
Letter of Credit Fees/Callable Commercial Paper - Variable Rate Bonds - JP Morgan	500	
Remarketing Fees/S&P Annual Analytical Review - Variable Rate Bonds	46	
Fiscal Agent Fees - Housing Tax Allocation Bonds - Wells Fargo Bank	7	
Debt Service - Commercial Paper	300	
Debt Service/Fiscal Agent Fees - Fourth & San Fernando Street Parking Facility Bonds	1,684	
Debt Service/Fiscal Agent Fees - Convention Center Bonds	2,507	
State of California - ERAF Loan Repayments	2,245	
Bond Logistics/Activities	88	
Legally Binding & Enforceable Obligations - ROPS 14-15B	4,593	
SARA Administrative Cost	1,841	
Sub-total Cash Outflows (Forecast)	-	94,436
Other Cash Outflows (Other Funding Sources)		
Letter of Credit Fees - Other Misc income	574	
FY 14-15 Intra-Year Reimbursement Reserve to the City of San Jose	12,600	
HUD 108 - Loan interest Payments	60	
North San Pedro Housing Project - Bond Proceeds	340	
CET Escrow Funds	22	
North San Pedro Housing Project - State Grant Funds	-	
Sub-total Other Cash Outflows (Other Funding Sources) (Forecast)	-	13,596
Total Cash Outflows (ROPS 14-15B as Approved by Oversight Board 9-25-2014 & DOF Approval 11-15-2014)	\$ -	108,032
Insufficiency of Funds (Projected Deficit with Admin Cost)	\$ -	(4,924)
County Pass-Through and Settlement Agreement	\$ -	104,685
Insufficiency of Funds (Projected Deficit with Admin Cost and County Costs)	\$ -	(109,609)

Successor Agency to the Redevelopment Agency of the City of San Jose
 ROPS 14-15B - Insufficiency of Funds Worksheet with Department of Finance RPTTF Authorization
 For the Period January 1 through June 30, 2015
 (\$ in 000's)

ATTACHMENT B

	Balance	Totals
Beginning Cash Balance as of January 1, 2015 (Forecast)		
Unrestricted Cash & Investments	\$ -	
Restricted Bond Proceeds	340	
Restricted CET Escrow Funds	22	
Restricted HUD Proceeds	134	
Cash Reserve with Fiscal Agent - for Future Debt Service Payments - 80% Funds Senior Obligations	-	
Cash Reserve with Fiscal Agent - for Future Debt Service Payments - 20% Set-aside Funds Obligations	-	
Land/Asset Sales	3,484	
Total Cash on Hand as of January 1, 2015 (Forecast)	<u>\$ 3,484</u>	<u>3,980</u>
Cash Inflows:		
Department of Finance RPTTF Approval Nov 15, 2014		<u>94,468</u>
Other Income/Sources (Forecast)		
Interest Income	36	
Rent, Parking Revenues, DDA Participation Payments	457	
Accounts Receivables	67	
CDBG Fund Advance - Per Reimbursement Agreement	58	
Parking Fund Advance - Per Reimbursement Agreement	-	
General Fund Advance - Per Reimbursement Agreement - to fund Admin Cost	-	
HUD 108 Escrow Funds	180	
Restricted Cash - Bond Proceeds	-	
Grant Funds	-	
Property Disposition Sales	-	
Total Cash Inflows (Forecast)		<u>798</u>
Total Available Cash from Beginning Balance, DOF RPTTF Approval, and Other Income (Forecast)		<u>\$ 99,246</u>
Cash Outflows (ROPS 14-15B RPTTF Eligible Obligations):		
Debt Service Payments - Housing Set-Aside Senior Allocation Bonds - Wells Fargo Bank	\$ 5,692	
Debt Service Payments - Senior Tax Allocation Bonds - Union Bank	36,527	
Debt Service Reserve for 15-16A 80% Senior TABS and other bonded debt service	36,829	
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Sub-total Cash Outflows (Forecast)		<u>94,436</u>
Other Cash Outflows (Other Funding Sources)		
Letter of Credit Fees - Other Misc Income	574	
FY 14-15 Intra-Year Reimbursement Reserve to the City of San Jose	12,600	
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North San Pedro Housing Project - State Grant Funds	-	
Sub-total Other Cash Outflows (Other Funding Sources) (Forecast)		<u>13,596</u>
Total Cash Outflows (ROPS 14-15B as Approved by Oversight Board 9-25-2014 & DOF Approval 11-15-2014)		<u>\$ 108,032</u>
Insufficiency of Funds (Projected Deficit with Admin Cost)		<u>\$ (8,786)</u>
County Pass-Through and Settlement Agreement		<u>\$ 104,685</u>
Insufficiency of Funds (Projected Deficit with Admin Cost and County Costs)		<u>\$ (113,471)</u>

Successor Agency to the Redevelopment Agency of the City of San Jose
 Receivables and Other Revenues Summary
 ROPS 14-15B - January 1 through June 30, 2015 Forecast

ATTACHMENT C

	FORECAST						ROPS 14-15B TOTAL
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	JAN - JUNE 2015
Interest Income	6,000	6,000	6,000	6,000	6,000	6,000	36,000
HUD Lease Revenue	30,000	30,000	30,000	30,000	30,000	30,000	180,000
CDBG Fund Advance			29,000			29,000	58,000
Accounts Receivables							
Loan Receivable							
Joel L. Wyrick	1,471	1,471	1,471	1,471	1,471	1,471	8,828
Camera 12	4,000	2,500	2,500	2,500	2,500	2,500	16,500
Farmers Union Partnership	5,313	5,313	5,313	5,313	5,313	5,313	31,878
Total Loans Receivable	10,784	9,284	9,284	9,284	9,284	9,284	57,207
Small Business Loan Program							
The Oasis Spot, Inc. (Morocco's)	900	900	900	900			3,600
Ngan's Tailoring	200	200	200	200	200	200	1,200
Tee Nee Thai Cuisine	900	900	900	900	900	900	5,400
Total Small Business Loans	2,000	2,000	2,000	2,000	1,100	1,100	10,200
Total Accounts Receivable	12,784	11,284	11,284	11,284	10,384	10,384	67,407
Other Misc. Revenues							
Rent							
Two Fish Design	500	500	500	500	500	500	3,000
Pacific Car Wash	5,500	5,500	5,500	5,500	5,500	5,500	33,000
Comedy Club of San Jose	5,000	5,000	5,000	5,000	5,000	5,000	30,000
CBS Outdoor	490	490	490	490	490	490	2,940
Clear Channel	60	60	60	60	60	60	360
Paul & Jaime Nunez (456 Autumn Court)	1,230	1,230	1,230	1,230	1,230	1,230	7,380
Patty's Inn	2,285	2,285	2,285	2,285	2,285	2,285	13,710
Total Rental Income	15,065	15,065	15,065	15,065	15,065	15,065	90,390
Parking Revenue							
Green Valley Enterprises	1,890	1,890	1,890	1,890	1,890	1,890	11,340
Standard Parking	15,000	15,000	15,000	15,000	15,000	15,000	90,000
Total Parking Revenue	16,890	16,890	16,890	16,890	16,890	16,890	101,340
Misc.							
Marriott Revenue Participation	-	80,000	Semi-Annual Payments		-	-	80,000
Montgomery Hotel (Khanna Participation)	-	50,000	Semi-Annual Payments		-	-	50,000
Loaned Staff - City Reimbursement	40,000	-	-	-	-	-	40,000
101 San Fernando Annual Dues	-	-	-	95,000	-	-	95,000
Total Misc Revenue	40,000	130,000	-	95,000	-	-	265,000
Total Other Misc Revenues	71,955	161,955	31,955	126,955	31,955	31,955	456,730
Total Revenue	120,739	209,239	108,239	174,239	78,339	107,339	798,137